

April 4, 2006 - Rep. Eshoo on the Communications Opportunity, Promotion and Enhancement Act of 2006

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[Press Release]

Statement of Rep. Anna G. Eshoo
on Markup of H.R. 5252, a Committee Print on the Communications
Opportunity, Promotion, and Enhancement Act of 2006
House Committee on Energy and Commerce
Subcommittee on Telecommunications and the Internet

April 4, 2006

Mr. Chairman, I strongly support your efforts to develop legislation that will create more competition in the broadband marketplace for video services, but I'm very concerned that as this legislation opens the door to Bell competition in IP video, it closes the door to the open, competitive market for the delivery of Internet content and services.

It's important that the legislation recognizes the critical issue of Network Neutrality, but the legislation offers little protection for consumers, Internet companies, and, most importantly, innovation.

We need strong, enforceable rules to prohibit discrimination against web content based on where it originates - all like content should be treated equally and I will be offering an amendment to accomplish this.

We need to step back and examine this issue about Net Neutrality, which I don't believe is broadly understood.

Since its inception, the Internet has been characterized by its open architecture and freedom from barriers to access to any content, from any provider, anywhere in the world.

This structure has enabled the rapid pace of innovation that have made the names of college students like Jerry Yang of Yahoo! and Larry Page and Sergey Brin from Google household words. Most importantly, spectacular new innovations and services to billions of users have evolved.

Large network operators - particularly the few remaining Bell companies - have decided that this open architecture can now be manipulated to provide them with a new revenue stream. They can charge consumers for their broadband access AND charge fees to Internet companies for the delivery of content to consumers.

The cable industry has invested over \$100 billion in their advanced networks without having to extract revenues from tiered services or "premium" Internet content. Why are we creating tiers now?

So we have two views of the future of the Internet.

The first is that of innovators like Google, Yahoo!, Microsoft, eBay and Amazon, who want to preclude barriers to content and maintain equal access for all providers, regardless of their relationship with the network providers.

The other vision is from the industry which has championed policies that have left the United States 16th in the world in broadband penetration.

On the one hand we have Vint Cerf - considered by many to be the father of the Internet - telling us that "allowing broadband carriers to control what people see and do online would fundamentally undermine the principles that have made the Internet such a success."

On the other hand we have the view of AT&T's Chairman Ed Whitacre: "How do you think [Internet companies are] going to get to customers? Through a broadband pipe. Cable companies have them. We have them. Now what they would like to do is use my pipes free, but I ain't going to let them do that because we have spent this capital and we have to have a return on it."

Has anyone heard a clearer, more concise threat to use market power to extract monopoly rents?

I hope my Colleagues will consider these two visions as we vote on these critical issues.

One vision espouses the virtues of open access and innovation. The other seems concerned only with leveraging dominant market positions to extract maximum profits.

The Bell companies have also argued that their new IP TV services are not actually "cable services" under the Communications Act.

If that's the case - and I don't believe it is - then why are we even here? What's the point of this bill?

I will be offering an amendment to the definition of "cable services" under the Act and this bill to make clear that yes the bill does apply to IP TV.

Related Documents:

Rep Eshoo's letter to Energy and Commerce Committee Chairman Rep. Barton and Ranking Member Rep. Dingell urging a more open, broad-based discussion with Members of the Committee on the broadband telecommunications legislation.